

TO STUDY THE FINANCIAL PERFORMANCE OF SELECTED FIVE PORTS IN INDIA.

Dr. T.Vasumathi, *Professor, Department of commerce with International Business, Dr. N.G.P Arts and Science College, Coimbatore.*

Adhieshwaran.G, *B.Com (International Business), Dr.N.G.P. Arts and Science College, Coimbatore.*

Jaisurya.L.M, *B.Com (International Business), Dr.N.G.P. Arts and Science College, Coimbatore.*

ABSTRACT:

This research initiative aims to conduct a meticulous comparative analysis of the financial performance of five distinguished ports in India: Mumbai port, Deendayal port, Mundra port, Port of Chennai, and Visakhapatnam port. Recognized as pivotal components of India's maritime infrastructure, these ports serve as vital conduits for international trade, fostering economic growth and development across diverse sectors. The study will entail a rigorous examination of financial data sourced from each port, employing a comprehensive array of financial metrics and ratios to scrutinize key performance indicators. Core areas of investigation will encompass revenue generation, cost management, profitability, liquidity, solvency, and operational efficiency. Moreover, qualitative dimensions such as infrastructure investments, operational strategies, regulatory frameworks, and market dynamics unique to each port will be thoroughly analyzed to provide nuanced insights into their financial performance and operational contexts.

Key words: Financial performance of ports in India

INTRODUCTION:

A port serves as a pivotal geographical location where ships conduct loading and unloading activities. In India, ports are categorized into major and non-major ports based on the controlling authority overseeing their operations. Major ports are directly administered by the Ministry of Port, Shipping & Waterways, whereas non-major ports operate under concessions granted by state maritime boards or governments. The Tariff Authority for Major Ports (TAMP) regulates tariffs for vessels, cargo, and leases of properties within major port trusts. Non-major ports, on the other hand, enjoy greater autonomy in setting tariffs, providing them with a

competitive edge in attracting cargo traffic. With a vast coastline spanning 7,517 kilometers, India hosts 12 major ports and over 200 non-major ports. Recognizing the importance of enhancing port capacity to meet escalating demand, particularly as Indian exports and imports often rely on transshipment centers in Colombo, Singapore, and Dubai, the Government of India has been actively pursuing initiatives to bolster port infrastructure. The objective of this paper is to conduct a comprehensive financial performance analysis of select port trusts, namely the Port of Chennai, Mumbai Port Trust (MbPT), Deendayal Port Trust (DPT), Mundra Port, and Visakhapatnam Port Trust (VPT). These ports were chosen due to their strategic significance in cargo transportation and geographical location. India's extensive coastline is home to numerous ports that play a crucial role in facilitating trade and commerce. Notable major ports include Jawaharlal Nehru Port Trust (JNPT), Mumbai Port Trust, Chennai Port Trust, Visakhapatnam Port Trust, Kolkata Port Trust, Paradip Port Trust, Kandla Port Trust, and Mormugao Port Trust. Each port boasts unique characteristics and contributes significantly to India's maritime trade landscape.

OBJECTIVE:

1. To study the growth and development of selected ports in India.
2. To study the trends in finance and analyze various elements in financial analysis.

REVIEW OF LITRATURE:

- 1) **Rajyalakshmi and Sarada (2007) in their paper**, “Productivity of Major Indian Ports: A Comparative Study of Pre and Post Reform Period” focused on productivity of Indian ports in handling the exports and imports. It studied the pre and post reform labour, capital and total factor productivities and average turnaround time and berth occupation of India ports. As a result of privatization there has been increase in labour productivity. This can be done by training and transfer surplus employees to the required departments. The post reform capital productivity was very low. The optimum or maximum utilization of the existing facilities was the need of the hour was noted that poor rail and road connectivity was affecting cargo movement. Good road rail port connectivity would be helpful in encouraging port trade.
- 2) **Munim, Ziaul Haque et al. (2014) in their research paper** “Operational and Financial Performance Analysis of Chittagong Port Authority in Comparison with the Maritime and Port Authority of Singapore.” Analysed that, though the maritime facility plays

very important role in business and trade from ancient time but in the last decade, due to enormous upshot of globalization the world economy has experienced a rapid growth in shipping industry and international trade. Bangladesh being a global front-runner in the RMG export uses its largest sea port Chittagong Port Authority (CPA) to connect to the whole world. Apart from RMG, Bangladesh's main export items include leather goods, jute, tea and frozen foods. On the other hand, Bangladesh imports electronic and automotive goods, consumer goods, chemical etc. from many other countries but mostly from China, Japan and India. Maximum 80% of the total import and export of the country is handled through CPA which contributes to 33% of the Bangladesh Government's total revenue.

- 3) **Surykant and Ranjit (2017) in their article** "Comparing and Contrasting Competitiveness of Major Indian and Select International Ports", examined the port competitiveness port operators and authorities involve in opportunities in improving the trade. Many international ports perform very well in the competitiveness of global ports as compared to the Indian major ports. The study assessed various factors influencing competitiveness between Indian major ports. It found that only locations, capacity, performance, cost or infrastructure influence competitiveness, but economies in shipping, governance, competition, inter-firm networks and modernization also contribute for the effective competitiveness among ports.
- 4) **Gurupandi, M. and Rajaguru, M. (2018) in their article**, "Traffic Performance and Efficiency of Major Ports in India", analysed that ports play a vital role in India's overall economic development. By volume, 90% of the country's international trade relies on maritime transport (70% by value). India's port network comprises 13 major and 187 non-major ports. This study is entirely based on secondary data which was collected from the reports of port authorities, CMIE data bases and India State websites. The main objectives this article includes 1. To measure the operational efficiency and performance of major ports in India 2. To offer suggestion based on the findings of the study. Internally also they are facing severe competitions from nonmajor ports and are losing their market share to them year after year.

RESEARCH METHODOLOGY:

- **Sample Size:** 5 major port trusts were selected for the study i.e. Jawaharlal Nehru Port Trust (JNPT), Mumbai Port Trust (MbPT), Deendayal Port Trust (DPT), Syama Prasad Mookerjee Port Trust (SMP) and Visakhapatnam Port Trust (VPT).

- **Time Period:** The data of the 5 years from 2016-17 to 2020-21.
- **Sampling Technique:** convenience sampling.
- **Data Type:** The Secondary data
- **Data analysis Tool:** Ratio analysis, Current ratio, Net profit ratio, Operating profit ratio, long term dept equity ratio.

ANALYSIS & INTERPRETATION:

YEAR	MUMBAI PORT	DEENDAYALAN PORT	PORT OF VISAKHAPATNAM	MUNDRAP PORT	PORT OF CHENNAI
2018	1.13	1.72	0.45	1.12	1.77
2019	0.99	1.74	0.47	1.37	2.85
2020	0.84	1.15	0.49	0.94	2.43
2021	0.87	1.31	0.41	0.97	2.1
2022	0.78	2.22	0.44	1	1.75
AVERAGE RATIO	0.922	1.628	0.452	1.08	2.18
TOTAL	4.61	8.147	2.26	5.4	10.09

Table 1: Current Ratio for average and total ratios of various ports over five years

Interpretation:

The table displays the average and total ratios of various ports over five years. Port of Chennai had the highest average ratio, followed by Deendayalan Port and Mumbai Port. Port of Chennai also had the highest total ratio over the specified period, indicating consistent performance.

Overall, the data suggests varying levels of operational efficiency and profitability among the ports.

YEAR	MUMBAI PORT	DEENDAYALAN PORT	PORT OF VISAKHAPATNAM	MUNDRA PORT	PORT OF CHENNAI
2018	8.18	11.82	18.31	16	18.26
2019	6.68	13.75	14.14	10.75	15.43
2020	6.69	18.69	15.11	16.59	13.67
2021	12.71	19.02	22.63	22.36	11.61
2022	5.12	11.3	14.76	18.25	7.33
TOTAL	39.56	74.58	84.95	83.95	66.3

Table 2: Gross Profit Ratio for five ports over five consecutive years.

Interpretation:

The table presents the Gross Profit Ratio (%) for five ports over five consecutive years. Port of Visakhapatnam consistently maintained the highest Gross Profit Ratio, followed by Mumbai Port and Deendayalan Port. The Gross Profit Ratios for all ports fluctuated over the years, indicating variations in profitability, but overall, they show positive trends, suggesting healthy financial performance across the ports.

Chart 1: Percentage changes in performance metrics

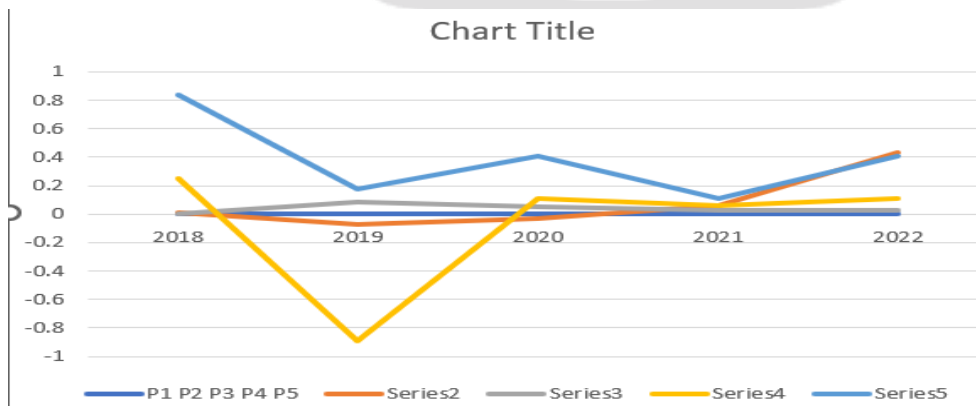


Table 3: Trend Analysis for Percentage changes in performance metrics

YEAR	P1	P2	P3	P4	P5
2018	17088364	13000000000	11323000000	763719623	11323000000
2019	17281553	12013910932	10925000000	8090822534	10925000000
2020	17179495	14041806009	11873000000	7875471656	11873000000
2021	21405826	14456876294	12550000000	8090822536	12550000000
2022	31425928	15258962547	15934000000	8500821546	15934000000
2018	0%	0%	0%	0	0%
2019	1%	-8%	-4%	6%	43%
2020	1%	-8%	5%	3%	2%
2021	24%	89%	11%	6%	11%
2022	84%	17%	41%	11%	41%

Interpretation:

The trend analysis table shows percentage changes in performance metrics (P1 to P5) of selected ports from 2018 to 2022. Overall, there's a positive trend with significant growth across most metrics for all ports, particularly Port 5. Port 1 demonstrates consistent growth, while Port 4 shows fluctuations but maintains overall positivity. This underscores the dynamic nature of the maritime industry and the importance of monitoring market changes for sustained growth and competitiveness.

FINDINGS:

- **Current Ratio Analysis:** Port of Chennai consistently had the best financial health among the ports, being good at managing its bills and having cash to spare. Others varied in how well they managed money.
- **Gross Profit Ratio Analysis:** Port of Visakhapatnam mostly made the most profit compared to costs, followed by Mumbai and Deendayalan ports. While profits fluctuated, overall, they did well financially.

- **Trend Analysis:** From 2018 to 2022, all ports generally improved their financial performance, especially Port 5. Although Port 4 had ups and downs, it still did better overall. It shows how the maritime industry changes over time.

SUGGESTIONS:

- **Enhancing Operational Efficiency:** Ports should focus on making operations smoother and using resources better. This might mean using better technology, managing supply chains well, and improving the port's setup.
- **Risk Mitigation Strategies:** Since profits sometimes went up and down, ports need plans to deal with risks. They can spread out how they make money, plan for tough times, and keep money aside for emergencies.
- **Investment in Infrastructure:** Ports need to keep improving their buildings and equipment to stay competitive and handle more goods. This could be deepening ports, making terminals bigger, or going green to help the environment.
- **Market Monitoring and Adaptation:** Ports should watch what's happening in the market and change their plans if needed. They can study the market, check if new services or routes would work, and adjust their plans to take advantage of new chances or deal with problems.
- **Stakeholder Collaboration:** Ports should work with others like the government, shipping companies, and local groups to solve problems together. They can talk to these groups, team up on projects, and use everyone's knowledge to make the port better for everyone.

CONCLUSION:

The analysis highlights the financial performance of major ports in India, revealing distinct strengths and areas for improvement. The Port of Chennai emerges as a leader in financial health, adept at managing its resources efficiently. Similarly, the Port of Visakhapatnam demonstrates commendable profitability, closely followed by Mumbai and Deendayalan ports, despite fluctuations in profits.

Over the five-year period, all ports exhibited positive trends in financial performance, with Port 5 showing notable improvement. While Port 4 experienced some ups and downs, its overall performance remained satisfactory, reflecting the dynamic nature of the maritime industry.

To sustain and enhance their performance, ports must prioritize operational efficiency, implement robust risk mitigation strategies, and continue investing in infrastructure upgrades. Moreover, proactive market monitoring and adaptation, coupled with stakeholder collaboration, are essential for navigating challenges and capitalizing on opportunities in the evolving maritime landscape.

In conclusion, by implementing the suggested strategies and leveraging their respective strengths, Indian ports can bolster their competitiveness, foster sustainable growth, and contribute significantly to the nation's maritime prosperity.

REFERENCE:

- <https://www.freightmango.com/blog/top-5-busiest-ports-india/>
- <https://www.chennaiport.gov.in/annual-report>
- <https://www.deendayalport.gov.in/en>
- <https://mumbaiport.gov.in/>
- <https://vizagport.com/>
- <https://www.adaniports.com/ports-and-terminals/mundra-port>
- www.google.com

